

PRESS RELEASE

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Date	12 August 2015
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Subject	NEW: CMS Compliance Barometer 2015

CMS Compliance Barometer 2015: More work needed around professionalisation and acceptance of compliance

- First ever survey of large companies in Germany
- CMS Compliance Index measures awareness and engagement in companies

Munich/Berlin – Not all large German companies are addressing compliance in a sufficiently professional manner. After carrying out the inaugural cross-sector survey for the new CMS Compliance Barometer, commercial law firm CMS Germany concluded that while compliance is now more embedded within companies, further improvement is needed. The CMS Compliance Index consolidates the findings into a score of 64 out of a possible 100 points. In future, the survey will be conducted every year, making it possible to see how results change over time.

“Companies face increasing regulatory requirements, which means the risks associated with an inadequate compliance management system are also growing, at both corporate level and for individuals,” said Dr Harald W. Potinecke, partner and coordinator of the German Compliance Group at CMS. “Larger SMEs and major corporations already recognise the importance of compliance, but the results of the survey provide interesting insights into areas where improvement is needed.” For the survey, leading market research institute Ipsos conducted anonymous interviews with a representative sample of compliance officers from 175 large companies (with a minimum of 500 employees).

Organisational weaknesses

Nearly half of the large companies surveyed had increased staff resources and spending on compliance during the past year. Despite this, only 42% of those questioned felt well equipped to deal with compliance matters. Compliance officers are found in different parts of the organisation, but are mostly based in the legal, controlling, risk management or internal audit department. Companies typically had between one and four members of staff working in compliance. However, for many employees compliance was not their primary function. Less than a third of the companies surveyed had established a dedicated compliance department, while sales and procurement staff were engaged in compliance activities in almost one in three of the companies. “This is a concern because liability risks can arise if operational activities and compliance responsibilities are not properly separated,” explained Dr Tobias Teicke, compliance expert at CMS in Berlin. Many companies are also not making the best use of the resources already available to them: in approximately half of the companies surveyed, existing departments are not integrated effectively. By contrast, the practice of bringing in external expertise was widespread, with consultants being hired in up to 80% of cases, depending on the specific aspect of compliance involved.

Surprising risk assessment

It is surprising that many SMEs (500 to 999 employees) believe competition law issues and corruption are of secondary importance in terms of compliance, with data protection being regarded as the greatest compliance risk. In contrast, major corporations regard corruption and competition-related violations and the heavy fines associated with them as the biggest risks. “This reflects the widespread view among SMEs that corruption is not an issue for them,” said Florian Block, compliance expert at CMS in Munich.

Increasing compliance requirements

The pressure on companies continues to grow. The survey participants felt that the biggest future challenges were ever-tougher liability standards due to increasing legislation and stricter enforcement by the authorities and courts. But it is not just state bodies that are exerting pressure: half of all the companies surveyed believed it was important to be able to provide proof of a functioning compliance system to business partners.

More work needed on compliance culture and prevention

Many companies now accept the crucial importance of an internal compliance culture. Accordingly, almost three-quarters of those surveyed considered the biggest internal challenge to be the establishment of genuine awareness and acceptance of compliance issues among employees and company management. Around 88% of managerial staff have a high level of compliance awareness, according to the respondents, but only a third of employees below management level have the same awareness. While almost all companies (94%) now possess a standard repertoire of compliance tools, only half of those surveyed had one of the key components in place: a training programme designed to communicate behavioural requirements around compliance.

The survey and the CMS Compliance Index will be published annually in future, enabling a comprehensive overview and insight into the current state of compliance in major German companies.

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